PARLIAMENT OF THE DEMOCRATIC

SOCIALIST REPUBLIC OF

SRI LANKA

INLAND REVENUE (AMENDMENT)

ACT, No. 22 OF 2011

[Certified on 31st March, 2011]

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Inland Revenue (Amendment) Act, No. 22 of 2011 1

[Certified on 31st March, 2011]

L.D.—O. 12/2011.

AN ACT TO AMEND THE INLAND REVENUE ACT, NO. 10 OF 2006

BE it enacted by the Parliament of the Democratic Socialist

Republic Sri Lanka as follows:—

1. This Act may be cited as the Inland Revenue Short title

(Amendment) Act, No. 22 of 2011.

2. Section 4 of the Inland Revenue Act, No. 10 of 2006 Amendment of

(hereinafter referred to as the "Principal enactment") section 4 of the

Inland Revenue

as amended by Act, No. 10 of 2007, is hereby further Act,

amended in paragraph (c) of subsection (1) as follows:— No. 10 of 2006.

(1) by the substitution in sub-paragraph (ii), for the words

"his contributions to that fund;", of the words and

figures "his contributions to that fund, where such

retirement took place prior to April 1, 2011;"; and

(2) by the substitution in sub-paragraph (iii) (b), for

the words "such contribution and interest;", of the

following words and figures:—

"such contribution and interest,

where such employee retires from the employment

prior to April 1, 2011; ".

3. Section 7 of the principal enactment as last amended Amendment of

by Act, No. 19 of 2009, is hereby further amended as section 7 of the

principal

follows:—

enactment.

(1) in paragraph (b) of that section, by the addition

immediately after sub-paragraph (lx), of the

following new sub-paragraph:—

“(lxi) the profits and income of the Insurance

Board of Sri Lanka, established by the

2 Inland Revenue (Amendment) Act, No. 22 of 2011

Regulation of the Insurance Industry Act,

No. 43 of 2000." ;

(2) by the substitution in paragraph (e) of that section

for the words " the profits and income of a charitable

institution, of the words and figures" the profits

and income accruing prior to April 1, 2011, of a

charitable institution”;

(3) by the repeal of paragraph (h) of that section, and

substitution therefor, of the following paragraph:—

"(h) the profits and income of any registered

society within the meaning of the

Co-operative Societies Law, No. 5 of 1972 or

under the respective Statute enacted by a

Provincial Council providing for such

registration and the profits and income of Lak

Sathoosa Limited registered under the

Companies Act, No. 7 of 2007.";

(4) by the substitution in paragraph (i) of that section,

for the words and figures "Apiwenuwen Api Fund

Act, No. 6 of 2008.", of the words and figures

“Apiwenuwen Api Fund Act, No. 6 of 2008;";

(5) by the addition immediately after paragraph (i) of

that section, of the following new paragraphs:-

"(j) the profits and income for every year of

assessment within the period of ten years

commencing on April 1, 2011, of-

(i) Sri Lankan Airlines Limited;

(ii) Mihin Lanka (Pvt.) Limited;

(k) the profits and income for every year of

assessment within the period of five years

commencing on April 1, 2011, of -

(i) Ceylon Electricity Board;

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(ii) National Water Supply and Drainage

Board;

(iii) Ceylon Petroleum Corporation;

(iv) Sri Lanka Ports Authority,

if, twenty five per centum of the gross profits of such

Board, Corporation or Authority, as the case may be,

for such year of assessment is paid as dividend to the

Government.".

4. Section 8 of the principal enactment as last amended Amendment of

by Act, No. 19 of 2009, is hereby further amended in section 8 of the

principal

subsection (1) as follows:— enactment

(1) by the substitution in paragraph (p), of that sub

section for the words "value of any benefits

accruing to”, of the words and figures" value of

any benefits accruing before April 1, 2011, to";

(2) in paragraph (q) of that subsection, by the

substitution in sub-paragraph (ii), for the words and

figures " the Merchant Shipping Act, No. 52 of

1971.", of the words and figures "the Merchant

Shipping Act, No. 52 of 1971; " and

(3) by the addition, immediately after paragraph (q) of

that subsection, of the following new paragraphs:-

(r) rental value of one place of residence

provided to any individual referred to in

paragraph (b) of subsection (1), rent free or at

a rent less than the rental value of such place;

(s) either the value of benefit from private use of

one motor vehicle provided by the employer

or any allowance paid in lieu of the provision

of such vehicle, subject to a maximum of fifty

thousand rupees for a calendar month;

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(t) where the profits from employment of any

individual who is a citizen of Sri Lanka or

resident in Sri Lanka other than profits

referred to in paragraph (c) of subsection (1)

of section 4, exceeds five hundred thousand

rupees, then-

(i) such part of such profits in excess of

five hundred thousand rupees; or

(ii) one hundred thousand rupees,

whichever is lower;

(u) any special payment made to any

individual or holder of office, referred to

in paragraph (b) of subsection (1) for

emergency or priority services or for any

special task rendered or carried out by such

individual;

(v) official emoluments arising in Sri Lanka

to any non-citizen individual from the

participation in any international event

conducted in Sri Lanka;

(w) such part of official emoluments as does

not exceed one hundred thousand rupees,

arising in Sri Lanka to any individual who

is not a citizen of Sri Lanka and not

resident in Sri Lanka.”.

Amendment of 5. Section 9 of the principal enactment as last amended

section 9 of the

by Act, No. 19 of 2009, is hereby further amended in

principal

enactment. paragraph (h) of that section, by the substitution for the words

"such part of any interest as does not exceed two hundred

thousand rupees accruing or arising in any year of assessment

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to any individual", of the words and figures "such part of any

interest as does not exceed-

(i) two hundred thousand rupees accruing for,

or arising in, any year of assessment ending

prior to April 1, 2011; and

(ii) five hundred thousand rupees accruing for,

or arising in, any year of assessment

commencing on or after April 1, 2011,

to any individual".

6. Section 13 of the principal enactment as last Amendment of

amended by Act, No. 19 of 2009, is hereby further amended section 13 of the

principal

as follows:- enactment.

(1) by the substitution in sub-paragraph (i) of

paragraph (b) of that section, for the words

"services relating to any construction project;

and", of the words "services relating to any

construction project;";

(2) by the substitution in sub-paragraph (ii) of

paragraph (b) of that section, for the words "any

goods imported into Sri Lanka,'', of the following

words and figures:-

"any goods imported into Sri Lanka; and

(iii) in respect of any business of exporting any

goods, being goods which were brought to

Sri Lanka on a consignment basis, and

re-exported without subjecting such goods

to any process or manufacture, other than

the repacking or labeling of such goods in

the preparation to the market,'';

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(3) by the insertion immediately after paragraph

(b) of that section, of the following new

paragraph:-

“(bb) the profits and income earned in foreign

currency by any manufacturer of textile,

leather products, footwear or bags, from

supplies made to any foreign buyer who

has established his headquarters in

Sri Lanka for management, finance, supply

chain and billing;'';

(4) by the substitution in paragraph (ddd) of that

section, for all the words commencing from "from

services rendered in or outside Sri Lanka," to

"the national economy of Sri Lanka, ", of the

words "from any service rendered in or outside

Sri Lanka to any person or partnership outside

Sri Lanka, other than any commission, discount

or similar receipt for any such service rendered in

Sri Lanka,'';

(5) by the insertion immediately after paragraph

(xxxxx) of that section, of the following new

paragraph:-

"(xxxxxx) (i) an amount equal to the interest

payable to any bank or other financial

institution in Sri Lanka, in respect of

any loan granted out of the moneys

lying into the credit of the Investment

Fund account of such bank or

institution, maintained and operated

in accordance with the guidelines set

by the Central Bank; or

(ii) an amount equal to the interest payable

to any bank or other financial

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institution in Sri Lanka, in respect of

any loan granted-

(A) to any company for investing in

full in an undertaking referred to

in section 17C;

(B) to any person or partnership for

investing in full for the operation

of re-opened abandoned factory.

In this paragraph "re-opened abandoned

factory'' means a factory which was

engaged in the production or manufacture

of any commodity or article but which had

not been so engaged for an unbroken

period of not less than three years,

preceding November 22, 2010, and which

commences the production or manufacture

of such commodity or article or any other

commodity or article in commercial

quantities before April 1, 2012.'';

(6) by the insertion, immediately after paragraph (yyy) of

that section, of the following new paragraphs:-

"(yyyy) the profits and income arising or accruing

to any person from any undertaking for

the operation of any port terminal in

Sri Lanka;

(yyyyy) the profits and income from any service

rendered by any person or partnership in

any port in Sri Lanka in the course of any

business carried on within such port;''; and

(7) by the insertion, immediately after paragraph (zzzz)

of that section, of the following new paragraph:-

"(zzzzz) the profits and income arising or

accruing to any person from any

undertaking for the construction of any

Port in Sri Lanka.''.

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Insertion of new 7. The following new sections are inserted immediately

sections 16A, 16B

after section 16 of the principal enactment and shall have

and 16C in the

principal effect as section 16A, section 16B and section 16C respectively,

enactment. of that enactment:—

"Exemption 16A . (1) The profits and income within the

from income meaning of paragraph (a) of section 3, other

tax of the

profits and than any profits and income from the disposal

income of of any capital asset, of any person or partnership

any from any undertaking for fishing carried on in

undertaking Sri Lanka, shall be exempted from income tax

for fishing.

for each year of assessment within the period of

five years commencing on April 1, 2011.

(2) In this section "undertaking for fishing''

includes any undertaking for the cleaning,

sizing, sorting, grading, chilling, dehydrating,

packaging, cutting or canning of fish in

preparation of such produce for the market.

(3) In relation to an undertaking which

consists of fishing and utilizing such fish for

manufacturing of any product, such fish shall

be deemed to have been sold for the

manufacture of such product at the open market

price prevailing at the time of such deemed

sale, and the exemption granted under

subsection (1) shall be applicable to that

undertaking, on the profits and income

computed on the basis of such deemed sale.

Exemption 16B. (1) The profits and income within the

from income meaning of paragraph (a) of section 3, other

tax of the

profits and than any profits and income from the disposal

income of of any capital asset, of any person or partnership

any under- from any undertaking for producing of

taking for agricultural seeds or planting materials, or

producing

primary processing of such seeds or materials,

agricultural

seeds or shall be exempted from income tax for each

planting year of assessment within the period of five

materials. years, commencing on April 1, 2011.

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(2) In this section "primary processing'' means

cleaning, sizing, sorting, grading, chilling,

dehydrating, cutting, canning or packaging for

the purpose of preparation of such produce for

the market.

(3) In relation to an undertaking which

consists of producing of agricultural seeds or

planting materials and utilizing such seeds or

materials in the agriculture or horticulture, such

produce shall be deemed to have been sold for

such purpose at the open market price prevailing

at the time of such deemed sale, and the

exemption granted under subsection (1) shall

be applicable to that undertaking, on the profits

and income computed on the basis of such

deemed sale.

Exemption 16C. (1) The profits and income within the

from income

meaning of paragraph (a) of section 3 (other

tax of the

profits and than any profits and income from the sale of

income of any capital asset) of any new undertaking

any new referred to in subsection (2), and carried on by

undertaking any person or partnership on or after April 1,

investing not

2011, shall be exempted from income tax for a

less than

fifty million period of three years reckoned from the

rupees. commencement of the year of assessment in

which such undertaking commences to make

profits from transactions entered into in that

year of assessment, or from the commencement

of the year of assessment immediately

succeeding the year of assessment in which the

undertaking completes a period of two years

reckoned from the date on which the

undertaking commences to carry on commercial

operations, whichever occurs earlier.

(2) For the purpose of subsection (1), "new

undertaking'' means an undertaking-

(a) which is engaged in the manufacture

of any article other than any liquor or

tobacco product;

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(b) in which the sum invested in the

acquisition of fixed assets after

November 22, 2010 but before March

31, 2012 is not less than fifty million

rupees; and

(c) which commences commercial

operations on or after April 1, 2011.''.

Amendment of 8. Section 17 of the principal enactment as last amended

section 17 of the by Act, No. 19 of 2009, is hereby further amended in

principal

subsection (2) of that section, by the substitution in sub-

enactment.

paragraph (ii) of paragraph (a), for the words and figures

"incorporated on or after April 1, 2002,”, of the words and

figures "incorporated on or after April 1, 2002, but prior to

April 1, 2011,''.

Insertion of new 9. The following new section is hereby inserted

section 17A in immediately after section 17 of the principal enactment and

the principal

shall have effect as section 17A of that enactment:-

enactment.

"Exemption 17A. (1) The profits and income within the

from income meaning of paragraph (a) of section 3 (other

tax of the

than any profits and income from the sale of

profits and

income from any capital asset) of any company from any

any new new undertaking referred to in subsection (2),

undertaking and carried on by such company on or after

engaged in April 1, 2011, shall be exempted from income

any pre-

tax for a period of five years reckoned from the

scribed

activities. commencement of the year of assessment in

which such undertaking commences to make

profits from transactions entered into in that

year of assessment or from the commencement

of the year of assessment immediately

succeeding the year of assessment in which such

undertaking completes a period of two years

reckoned from the date on which such

undertaking commences to carry on commercial

operations, whichever occurs earlier:

Provided that where the quantum of

investment made in such undertaking is more

than United State Dollars three million or its

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equivalent, the Minister may, having regard to

the economic development of the country, grant

tax exemption on the same basis, for a period

not exceeding seven years.

(2) For the purpose of subsection (1), "new

undertaking'' means an undertaking engaged

in any activity prescribed by the Minister

having regard to the development of the

national economy, as needed for the economic

development of the country and which shall be

with an investment of not less than United State

Dollars three million or equivalent in other

currencies invested in fixed assets.''.

10. Section 20 of the principal enactment as amended by Amendment of

the Act, No. 9 of 2008, is hereby further amended in section 20 of the

principal

subsection (2) of that section as follows:-

enactment.

(1) by the substitution in paragraph (c) of that subsection,

for the words and figures "April 1, 2009-'', of the words

and figures "April 1, 2010-''; and

(2) by the substitution in paragraph (e) of that subsection,

for the words and figures "prior to April 1, 2009", of

the words and figures "prior to April 1, 2010".

11. Section 21 of the principal enactment as amended by Amendment of

section 21 of the

Act, No. 9 of 2008, is hereby further amended in paragraph

principal

(b) of subsection (2) of that section, by the substitution for enactment.

the words and figures "not later that March 31, 2009,", of the

words and figures "not later than March 31, 2010,".

12. Section 21A of the principal enactment is hereby Amendment of

amended in paragraph (b) of subsection (2) of that section, section 21A of

the

by the substitution for the words and figures "not later than

principal

March 31, 2009, of the words and figures "not later than enactment.

March 31, 2010".

13. Section 23 of the principal encatment as last amended Amendment of

by Act, No. 9 of 2008, is hereby further amended in subsection section 23 of

the principal

(1) of that section by the substitution in the further proviso enactment.

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to that subsection, for the words "be three years.", of the

following :-

“be three years.

Provided further that where any venture capital company

had not made any investment prior to April 1, 2011 for

the purchase of ordinary shares in any project referred

to in paragraph (a), (b) or (c) of this subsection, such

company shall not be entitled to any tax exemption under

this section.".

Amendment of 14. Section 25 of the principal enactment as last amended

section 25 of the by Act No. 19 of 2009, is hereby further amended in

principal

subsection (1) of that section as follows:-

enactment.

(1) in paragraph (a) of that subsection-

(a) by the substitution in sub-paragraph (iii), for

the words "sub-paragraph (v), acquired or

assembled by such person, at the rate of twelve

and one half per centum on the cost of

acqusition or assembly;", of the following words

and figures:-

"sub-paragraph (iv)-

(A) acquired or assembled prior to April 1,

2011 by such person, at the rate of

twelve and one half per centum per

annum; or

(B) acquired or assembled on or after April

1, 2011 by such person, at the rate of

thirty three and one third per centum

per annum,

on the cost of acquistition or assembly;";

(b) in sub-paragraph (v) of that paragraph by

the substitution for the words "any qualified

building" of the words and figures

"any qualified building constructed prior to

April 1, 2011,";

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(c) by the insertion immediately after sub-

paragraph (v) of that paragraph, of the

following new sub-paragraph:-

"(vi) any qualified building constructed on

or after April 1, 2011, at the rate of ten

per centum, on the cost of construction;";

(d) in paragraph (b) of the proviso to that paragraph-

"(i) in sub-paragraph (i), by the substitution for the

words "machinery acquired is used in any

business", of the words and figures "machinery

acquired prior to April 1, 2011, is used in any

business"; and

(ii) in sub-paragraph (ii), by the substitution for

the words and figures "acquired on or after April

1, 2007, being a ship", of the words and figures

"acquired on or after April 1, 2007, but prior to

April 1, 2011, being a ship";

(2) by the subsitution in paragraph (i) of that subsection,

for the words " the expenditure, including capital

expenditure incurred by such person", of the following

words and figures:-

"for any year of assessment-

(i) commencing prior to April 1, 2011, the

expenditure including capital expenditure; or

(ii) commencing on or after April 1, 2011, an

amount equal to two hundred per centum of

the expenditure, including capital

expenditure,

incurred by such person";

(3) in paragraph (r) of that subsection, by the substitution

for the words "carrying on any profession,", of the

words "carrying on any profession;"; and

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(4) by the addition, immediately after paragraph (r) of

that subsection, of the following new paragraph:-

"(s) any expenditure incurred in any year of

assessement in quoting any shares of a company

in any official list of any stock exchange

licensed by the Securities and Exchange

Commission of Sri Lanka, provided that the

aggregate of such expenditure incurred in that

year if assessment and in any previous year of

assessment shall not exceed one per centum of

the value of the Initial Public Offering of Such

company.",

Amendment of 15. Section 26 of the principal enactment as last

section 26 of the amended by Act, No. 9 of 2008, is hereby further amended in

principal

subsection (1) as follows:-

enactment.

(1) by the substitution in sub-paragraph (ii) of paragraph

(c) of that subsection, for the words "in foreign

currency;", of the following words and figures :-

“in foreign currency:

Provided that for any year of assessment

commencing on or after April 1, 2011 -

(A) such part of expenditure incurred in

travelling outside Sri Lanka in the

production of profits or income from

any trade or business carried on or

exercised in Sri Lanka by any person,

other than-

(i) such expenses incurred solely in

connection with the promotion

of export trade of any article or

goods or the provision of any

services for payment in foreign

currency ; or

(ii) such expenditure incurred in

carrying out an approved

programme as referred to in

paragraph (d); or

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(B) an amount equal to two per centum of

the profits and income of such trade or

business in the immediately preceding

year of assessment;”;

whichever is lower, shall be deductible

in ascertaining the profits and income

from such trade or business for that year

of assessment;”;

(2) by the substitution in sub-paragraph (i) of paragraph

(r) of that subsection for the words “one million rupees

or”, of the words “two million rupees or”;

(3) by the substitution in paragraph (v) of that

subsection, for the words “one half of such person’s

cost of advertisement”, of the following words and

figures:-

“for any year of assessment-

(i) commencing prior the April 1, 2011, one half;

and

(ii) commencing on or after April 1, 2011, one

fourth,

of such person’s cost of advertisement”;

(4) by the substitution in paragraph (y) of that subsection,

for the words “debt instrument.”, of the words “debt

instruments;”; and

(5) by the addition immediately after paragraph (y) of

that subsection, of the following new paragraph:-

“(z) the income tax paid by any employer in respect

of the employment income of any individual

employed by such employer.”.

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Amendment of 16. Section 32 of the principal enactment as last

section 32 of the amended by Act, No. 9 of 2008, is hereby further amended as

principal

follows:-

enactment.

(1) in subsection (3) of that section-

(a) by the substitution in paragraph (g), for the words

“Sri Lanka currency for such purchase; and”, of

the words “Sri Lanka currency for such purchase;”;

(b) by the substitution in paragraph (h), for the words

and figures “section 161A of this Act.”, of the

words and figures “section 161A of this Act;

and”;and

(c) by the addition immediately after paragraph (h) of

that subsection, of the following new paragraph:-

“(i) profits from any employment, other than profits

referred to in paragraph (c) of subsection (1)

section 4, from which income tax is deducted

by the employer under section 114 and such

person being an individual has no other income

other than any income referred to in this section

as not forming part of assessable income of

such individual.”.

(2) in subsection (5) of that section, by the addition

immediately after sub-paragraph (iv) of the proviso

to paragraph (a) of that subsection, of the folowing

new sub-paragraph:—

“(v) no deduction under this section shall be made

from any employment income included in the

total statutory income;".

Amendment of 17. Section 33 of the principal enactment is hereby

section 33 of the amended in subsection (1) of that section, as follows:-

principal

enactment.

(1) by the substitution in paragraph (a) of that subsection

for the words “an allowance of three hundred

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thousand rupees; and”, of the following words and

figures:-

“an allowance of-

(i) three hundred thousand rupees in respect of

any year of assessment commencing prior to

April 1, 2011; and

(ii) five hundred thousand rupees in respect of

any year of assessment commencing on or

after April 1, 2011, and”;

(2) by the substitution in the proviso to that subsection,

for the words ‘as such trustee, receiver, executor or

liquidator.”, of the following words and figures :-

“as such trustee, receiver, executor or liquidator:”

Provided further, that for any year of

assessment commencing on or after April 1, 2011—

(i) any individual being a citizen of Sri Lanka

irrespective of whether such individual is

resident in Sri Lanka or not, shall be entitled

to deduct the allowance referred to in

paragraph (a); and

(ii) an individual shall not be entitled to deduct

any part of any allowance under section 34

from any employment income which is

included in such assessable income.”.

18. Section 34 of the principal enactment as last amended Amendment of

by Act, No. 19 of 2009, is hereby further amended as section 34 of

the

follows:—

principal

enactment.

(1) in subsection (2) of that section-

(a) by the substitution in paragraph (a), for the words

“made by any person in money to an approved

charity;”, of the words “made by any person in

money to an approved charity being a charity

which is established for the provision of

institutionalized care for the sick or the needy;”;

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(b) by the substitution in paragraph (d), for the words

“amount paid by an individual as a contribution”,

of the words and figures “amount paid prior to

April 1, 2011, by an individual as a contribution”;

(c) by the substitution in paragraph (e), for the words

“contribution made by an individual”, of the words

and figures “contribution made prior to April 1,

2011, by an individual”;

(d) by the substitution in paragraph (f), for the words

“donation made by any person”, of the words and

figures “donation made prior to April 1, 2011, by

any person”;

(e) by the substitution in sub-paragraph (ii) of

paragraph (g), for the words "policy of medical

insurance,", of the following words and figures:-

“policy of medical insurance other than any

policy referred to in paragraph (gg),”;

(f) by the insertion immediately after paragraph (g)

of that subsection, of the following new

paragraph:-

“(gg) any premia in any year of assessment

commencing on or after April 1, 2011, being

pemia which have accrued due for payment

on a policy of special health insurance

which covers any incurable disease”;

(g) by the substitution in paragraph (i), for the words

“any expenditure incurred”, of the word and

figures “any expenditure incurred prior to April

1, 2011”; and

(h) by the substitution in paragraph (j), for the words

“any expenditure incurred”, of the words and

figures “any expenditure incurred prior to April

1, 2011”; and

(2) in subsection (4) of that section, by the substitution

in sub-paragraph (i) of paragraph (a), for the words

“paragraphs (a), (b), (c), (e), (g), (h)”, of the words

“Paragraphs (a), (b), (c), (e), (g), (gg), (h)”.

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19. Section 42 of the principal enactment as amended Amendment of

section 42 of

by Act, No. 10 of 2007 is hereby further amended in

the

subsection (2) of that section by the substitution for the principal

words “arising in Sri Lanka”, of the words and figures “but enactment.

prior to April 1, 2011 arising in Sri Lanka”.

20. Section 45 of the principal enactment as amended Amendment of

by Act, No. 10 of 2007 is hereby further amended in section 45 of the

principal

subsection (1) thereof, by the insertion immediately after enactment.

paragraph (a), of the following new paragraph:-

“(aa) undertaking for the manufacture of animal feed;”.

21. Section 46 of the principal enactment as amended Amendment of

section 46 of the

by Act, No. 9 of 2008 is hereby further amended in subsection principal

(1) thereof, by the insertion immediately after paragraph (a), enactment.

of the following new paragraph:-

“(aa) undertaking for the manufacture of animal feed;”.

22. Section 47 of the principal enactment is hereby Amendment of

amended in subsection (1) of that section, by the substitution section 47 of the

principal

for the words “any year of assessment includes”, of the words enactment.

and figures “any year of assessment commencing prior to

April 1, 2011 includes”.

23. The following new section is hereby inserted Insertion of new

section 48A in

immediately after section 48 of the principal enactment and

the principal

shall have effect as section 48A of that enactment:- enactment.

“Rate of 48A. Such part of the profits and income from

income tax

any agricultural undertaking referred to in

after the

expiry of tax section 16, included in the taxable income of

exemption any person for any year of assessment

under section commencing on or after April 1, 2011 shall,

16.

notwithstanding anything to the contrary in

any other provisions of this Act, be taxable at

the appropriate rate specified in the Fifth

Schedule to this Act.”.

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Insertion of new 24. The following new sections are hereby inserted

sections 59A and immediately after section 59 of the principal enactment and

59B in the

principal shall have effect as sections 59A and 59B respectively, of

enactment. that enactment:-

“Rate of 59A. Such part of the profits and income of

income tax any person for any year of assessment

on the profits

commencing on or after April 1, 2011 from an

from the

export or undertaking for the manufacture of any product

supply to an for export, or for supply to an exporter for

exporter of export, being a product having domestic value

certain

addition in excess of sixty five per centum and

product

having Sri Lankan brand name with patent rights

domestic reserved in Sri Lanka, shall notwithstanding

value anything to the contrary in any other provisions

addition over

of this Act, be chargeable with income tax at

sixty five per

centum. the appropriate rate specified in the Fifth

Schedule to this Act.

Rate of 59B. (1) The profits and income of any person

income tax for any year of assessment commencing on or

applicable to

any after April 1, 2011, from any undertaking

undertaking referred to in subsection (2) shall,

with annual notwithstanding anything to the contrary in

turnover not any other provisions of this Act, be chargeable

exceeding

three with income tax at the appropriate rate specified

hundred in the Fifth Schedule to this Act-

million

rupees. (2) For the purpose of this section

“undertaking” in relation to any year of

assessment means any undertaking-

(a) engaged in the manufacture of any

article or in the provision of any

service; and

(b) the turnover of such undertaking (other

than from the sale of any capital asset)

for that year of assessment does not

exceed three hundred million rupees.”.

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25. Section 61 of the principal enactment as last Amendment of

amended by Act, No. 9 of 2008, is hereby further amended in section 61 of the

principal

subsection (1) of that section as follows :-

enactment.

(1) by the substitution in paragraph (a) of that

subsection, for the words “Second Schedule to

this Act;”, of the words “Second Schedule or Fifth

Schedule to this Act, as the case may be;”;

(2) in paragraph (b) of that subsection-

(a) by the substitution in sub-paragraph (ii) of

that paragraph for the words “where such

company has within such period distributed

dividends less in amount than twenty five

per centum of the distributable profits for

that preceding year:”, of the following words

and figures:-

“(A) where such year of assessment is any

year of assessment commencing prior to

April 1, 2011 and the company has

within such period distributed dividends

less in amount than twenty five per

centum; or

(B) where such year of assessment is any

year of assessment commencing on or

after April 1, 2011, and the company has

within such period distributed dividends

less in amount than ten per centum,

of the distributable profits for that preceding

year:”; and

(b) by the substitution in the proviso to sub-

paragraph (ii), for the words “company has

distributed twenty five per centum of its

distributable profits”, of the following words

and figures :-

“company has distributed-

(A) twenty five per centum, where such year

of assessment is any year of assessment

commencing prior to April 1, 2011; or

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(B) ten per centum, where such year of

assessment is any year of assessment

commencing on or after April 1, 2011,

of its distributable profits”.

Amendment of 26. Section 78 of the principal enactment as last

section 78 of the amended by Act, No. 19 of 2009, is hereby further amended

principal

in subsection (3) of that section by the substitution for the

enactment.

words, “using the profit sharing ratio of the partnership”, of

the words “using the ratio of shares of profits inclusive of

any salary from such partnership”.

Amendment of 27. Section 95 of the principal enactment as amended

section 95 of the by Act, No. 9 of 2008, is hereby further amended in

principal

subsection (1) of that section as follows :-

enactment.

(1) by the substitution in paragraph (aa) of the proviso

to that subsection, for the words “rate of ten per

centum; and”, of the words “rate of ten per centum;”

and

(2) by the insertion immediately after paragraph (aa)

of that proviso, of the following new paragraph:-

“(aaa) no deduction shall be made under this

section from any interest which is exempt

from income tax under any provision of this

Act; and”.

Insertion of new 28. The following new sub-heading and new section

sub heading and are hereby inserted immediately after section 105 in Chapter

new section

XI of the principal enactment and the section shall have

105A in Chapter

XI of the effect as section 105A of that enactment:-

principal

enactment. “M - ISLAMIC FINANCIAL TRANSACTIONS.

Profits and 105A. (1) The profits and income arising

income from any Islamic financial transaction relating

arising from to any Islamic financial instrument shall be

Islamic

treated for tax purposes under the provisions

financial

transactions of the Act, as hereinafter provided in this

are taxed. section.

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(2) The Profits and income arising to any

person or partnership out of any Islamic

financial transaction shall, where such

transaction is similar or equivalent in

substance, to any conventional financial

transaction under the provisions of the Act, be

subject to tax in similar manner as such

conventional financial transaction is taxed

under the Act.

(3) The Commissioner-General of Inland

Revenue shall in order to determine the extent

of liability to tax of any particular Islamic

financial transaction, issue from time to time,

such rules and guidelines as may be required

for the purpose of —

(a) identifying the circumstances which

would amount to an Islamic financial

transaction; and

(b) ascertaining the profit and income

arising out of any Islamic financial

transaction.”.

29. Section 106 of the principal enactment as last Amendment of

amended by Act, No. 19 of 2009, is hereby further amended section 106 of

the principal

as follows:-

enactment.

(1) in subsection (1) of that section, by the substitution

in sub-paragraph (c) of the proviso, for the words and

figures “deducted under section 133, section 134 or

section 135, as the case may be.”, of the words and

figures “deducted under section 133, section 134 or

section 135, as the case may be:

Provided further, that for any year of assessment

commencing on or after April 1, 2011, the preceding

provisions shall not apply to an individual being an

employee who has no any other income chargeable

with income tax other than any income referred to in

sub-paragraph (b) or sub-paragraph (c).”;

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(2) by the repeal of subsection (11) of that section and

substitution therefor, of the following subsection:-

“(11) Where any person or partnership carries on

or exercises any trade, business, profession or

vocation in several units or undertakings as one

trade, business, profession or vacation, as the case

may be, or where such person or partnership carries

on or exercises more than one trade, business,

profession or vocation and the profits and income

from any such unit or undertaking or from such trade,

business, profession or vocation is exempted from or

chargeable with income tax at different rates, such

person or partnership shall maintain and prepare

statements of account in a manner that the profits and

income from each such unit or undertaking or such

trade, business, profession or vocation as the case

may be, may be separately identified.”; and

(3) by the addition at the end of subsection (18) of that

section, of the following new subsection:-

“(19) The Commissioner-General may close any

record maintained by him of any individual subsisting

on or after April 1, 2011 if he is satisfied on application

made by such individual, that all profits and income

of such individual are derived only from sources from

which whose taxes are paid at sources and such taxes

are treated as final.”.

Amendment of 30. Section 117 of the principal enactment is

section 117 of hereby amended in subsection (1) of that section by the

the principal

substitution for the words “deduct tax at the rate of

enactment.

ten per centum on such amounts or value of such benefits,

in terms of the provisions of this Chapter.”, of the following

words:-

“deduct tax on such amounts or value of such benefits

at the rate of —

(a) ten per centum, where the aggregate of such

amounts or value of such benefits does not

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exceed twenty five thousand rupees per

month; or

(b) sixteen per centum, where the aggregate of

such amounts or value of such benefits exceeds

twenty five thousand rupees per month,

in terms of the provisions of this Chapter.”.

31. The following new section is hereby inserted Insertion of new

immediately after section 117 of the principal enactment section 117A in

the principal

and shall have effect as section 117A of that Act :-

enactment.

"Deduction 117A.(1) Where an employer pays any

of tax at remuneration or provides any benefit to any

special rates

where an employee who is also an employee of another

individual employer and such other employer deducts

has more income tax on the remuneration under section

than one 114 as such employee’s main employer, then

employment.

such first mentioned employer shall deduct tax

at the rate of —

(a) ten per centum, where the aggregate

of such payments or value of such

benefits does not exceed twenty five

thousand rupees per month; or

(b) sixteen per centum, where the

aggregate of such payments or value of

such benefits exceeds twenty five

thousand rupees per month,

on such payments or the value of such

benefits in terms of the provisions of this

Chapter. No direction shall be issued or

entertained under section 118 in relation to

such payments or value of such benefits.

(2) No refund shall be made under this Act

in relation to the income tax deducted in terms

of subsection (1) notwithstanding anything to

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the contrary in this Act, but such income tax

may be set off against the income tax liability

of such person in respect of the same year of

assessment, if such payments or the value of

such benefits has been included in his total

statutory income for that year.

(3) Where any employer who is required to

deduct tax on any remuneration using tax

tables as referred to in section 116 omits to do

so, and deducts tax at the rate of ten per centum

on such remuneration, such employer shall be

liable to pay such tax in default calculated on

the basis of the difference between tax payable

on this basis of tax tables as provided for in

section 116 and tax deducted by the employer

under this section.”.

Amendment of 32. Section 118 of the principal enactment is hereby

section 118 of amended in subsection (1) of that section by the substitution

the principal

enactment for the words “if the amount of income tax payable by

him for any year of assessment” to “in excess of the amount

that should have been deducted ”, of the words and figures

“if such remuneration, in full or part, is exempted from

income tax for any year of assessment under any provisions

of this Act,”.

Amendment of 33. Section 131 of the principal enactment as last

section 131 of amended by Act No. 9 of 2008, is hereby further amended in

the principal

enactment the definition of the term “employer”, by the substitution for

the words “ body of persons or any organization, other than

any Government Institution referred to in Chapter XV :-”, of

the words “body of persons or any organization -”.

Amendment of 34. Section 132A of the principal enactment is

section 132A of hereby amended in subsection (1) of that section, by the

the principal

substitution for the words and figures “year of assessment

enactment.

commencing on or after April 1, 2008, by any employee”, of

the words and figures “ year of assessment commencing on

or after April 1, 2008, but prior to April 1, 2011, by any

employee”.

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35. Section 133 of the principal enactment as last Amendment of

amended by Act, No. 19 of 2009, is hereby further amended section 133 of

the principal

in subsection (4) of that section as follows :-

enactment.

(1) by the substitution for paragraph (a) of that

subsection, of the following new paragraph:—

“(a) (i) any company other than any charitable

institution, the deduction shall be made at

the rate of ten per centum of such interest;

and

(ii) any partnership or body of persons other

than any charitable institution, the

deduction shall be made at the rate of eight

per centum of such interest;”;

(2) in paragraph (b) of that subsection -

(a) in sub-paragraph (i) thereof, by the

substitution for the words and figures “not

exceed 300,000 rupees”, of the words and

figures “not exceed 500,000 rupees”; and

(b) by the substitution for sub-paragraph (ii)

thereof, of the following sub-paragraph:-

“(ii) exceeds 500,000 rupees, deduction

shall be made from the interest

payable to charitable institutions at

the rate of eight per centum of such

interest for that year of assessment;”;

(3) in paragraph (c) of that subsection -

(a) in sub-paragraph (i) thereof, by the

substitution for the words and figures “not

exceed 300,000 rupees”, of the words and

figures “not exceed 500,000 rupees”;

(b) in sub-paragraph (ii) thereof, by the

substitution for the words and figures

“exceeds 300,000 rupees but does not

exceed 1,000,000 rupees,” , of the words

and figures “exceeds 500,000 rupees but

does not exceed 1,500,000 rupees,”; and

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(c) in sub-paragraph (iii) thereof, by the

substitution for the words and figures

“exceeds 1,000,000 rupees” and “at the rate

of ten per centum”, respectively, of the

words and figures “exceeds 1,500,000

rupees” and “at the rate of eight per

centum”, respectively; and

(4) in paragraph (d) of that section, by the substitution

for the words “ten per centum of such interest:”,

of the words “eight per centum of such interest:”.

Amendment of 36. Section 135 of the principal enactment as amended

section 135 of by Act, No. 10 of 2007, is hereby further amended in

the principal

subsection (1) of that section, by the substitution for the

enactment.

words “ at the time such interest is paid or credited or such

discounts is allowed.” of the words “at the time of the issue

of such corporate debt security.”.

Repeal of 37. Section 151 of the principal enactment is hereby

section 151 of repealed.

the principal

enactment.

Amendment of 38. Section 153 of the principal enactment as last

section 153 of amended by Act, No. 19 of 2009 , is hereby further amended

the principal

in subsection (1) of that section, for the words “ any specified

enactment.

fee payable to any person”, of the words and figures “ any

specified fee payable and paid prior to April 1, 2011, to any

person.”

Amendment of 39. Section 155 of the principal enactment as last

section 155 of amended by Act, No. 9 of 2008 , is hereby further amended

the principal

by the substitution for the words “ person or partnership

enactment.

paying any rent, lease rent or such other payment,”, of the

words and figures “person or partnership paying on or before

April 1, 2011, any rent lease rent or such other payment,”.

Amendment of 40. Section 160 of the principal enactment as amended

section 160 of by Act, No. 9 of 2008 , is hereby further as follows:-

the principal

enactment. (1) by the substitution in paragraph (b), for the words

“management fee or other similar payment,”, of the

words “management fee,”;

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(2) by the substitution for the words “royalty,

management fee or such other similar payment,”,

of the words “royalty or management fee,”; and

(3) by the substitution in item (ii) for the words

“management fee paid or any other similar payment

made:”, of the words “management fee paid:”.

41. Section 163 of the principal enactment as last Amendment of

section 163 of

amended by Act, No. 19 of 2009 , is hereby further amended

the principal

in subsection (5) as follows:- enactment.

(1) by the substitution in paragraph (a), for the words

“from the end of that year of assessment:”, of the

words “from the thirtieth day of November of the

immediately succeeding year of assessment:”; and

(2) by the substitution in paragraph (b) for the words

“from the end of that year of assessment,” of the

words “from the thirtieth day of November of the

immediately succeeding year of assessment:”.

42. Section 166 of the principal enactment as amended Amendment of

section 166 of

by Act, No. 10 of 2007 , is hereby further amended in

the principal

subsection (1) of that section, by the substitution for the enactment.

words “ For the purpose of hearing appeals in the manner

hereinafter provided, there shall be a Board of Review”, of

the words and figures “For the purpose of hearing appeals

made before April 1, 2011, in the manner hereinafter

provided, there shall be a to the Board of Review”.

43. Section 167 of the principal enactment is hereby Amendement of

amended in subsection (3) of that section, by the substitution section 167 of

the principal

for the words “ within one month of the transmission by the enactment.

Commissioner-General under subsection (2), of his reason

for determination, by petition in writing”, of the words and

figures “within one month of the transmission by the

Commissioner-General under subsection (2), of his reason

for determination, but not later than April 1, 2011, by petition

in writing”.

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Amendment of 44. Section 168 of the principal enactment is hereby

section 168 of amended by the substitution for the words “to the Board of

the

principal Review,”, of the words and figures “to the Board of Review

enactment. before April 1, 2011,”.

Amendment of 45. Section 170 of the principal enactment is hereby

Section 170 of amended as follows:-

the

Principal

enactment. (1) by the substitution in subsection (1), (2), (3), (5),

(6), (7) and (9) of that section for the words “the

Board” wherever it occurs in those subsections, of

the words “the Board or the Tax Appeal

Commission, as the case may be,”, and

(2) by the insertion, immediately after subsection (7)

of that section, of the following new subsection :-

“(7A) Where the Court of Appeal makes an

interim determination under subsection (7), the

Court may make Order that the full tax in dispute

or part thereof, be paid in a manner as the Court

considers reasonable, pending the final

determination of the appeal.

Any excess payment of tax arising as a result of

the final determination by the Court on the appeal

shall be refunded to the appellant.”.

Insertion of 46. The following new section is hereby inserted

new immediately after section 177 of the principal enactment

section 177A in

the and shall have the effect as section 177A of that enactment :-

principal

enactment. "Recovery of 177A. (1) Where a body corporate has not

tax from paid any tax on or before the due date, as

principal

required under section 113, it shall be lawful

officers and

others. for the Commissioner-General to proceed under

all or any of the provisions of this Act against

the manager, secretary, any director or any

other principal officer of such body corporate,

as if such manager, secretary, director of

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principal officer, as the case may be, is

responsible for such default, unless such

manager, secretary, director or principal officer,

as the case may be, proves the contrary to the

satisfaction of the Commissioner - General,

notwithstanding anything in any other written

law relating to such body corporate.

(2) Where an unincorporated body of persons

has not paid any tax on or before the due date,

as required under section 113, it shall be lawful

for the Commissioner - General to proceed

under all or any of the provisions of this Act

against any partner or office - bearer of such

unincorporated body of persons as if he is

responsible for such default, unless such

partner of office bearer, as the case may be,

proves the contrary to the satisfaction of the

Commissioner General, notwithstanding

anything in any other written law.”.

47. Section 200 of the principal enactment as last Amendment of

section 200 of

amended by Act, No. 19 of 2009 is hereby further amended

the

by the addition, immediately after subsection (8) of that principal

section, of the following new subsection :- enactment.

“(9) Any refund arising to any person, as provided

for in this section, shall be credited directly to a bank

account of such person.”.

48. The following new section is inserted immediately Insertion of new

section 204A in

after section 204 of the principal enactment and shall have

the principal

effect as section 204A of that enactment :- enactment.

"Penal 204A. Any auditor or tax practitioner who

provision in the discharge of his professional duty,

relating to

mis- deliberately misinterprets any provision of this

interpretation Act or regulation, rule or order made there

of provisions

of the Act by under shall be guilty of an offence under this

auditors and Act and on conviction after summary trial

tax

practitioners. before a Magistrate, be liable to a fine not

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exceeding rupees fifty thousand or to

imprisonment of either description for a term

not exceeding six months or to both such fine

and imprisonment.”.

Amendment of 49. Section 217 of the principal enactment as last

section 217 of amended by Act, No. 19 of 2009 is hereby further amended

the

as follows :-

principal

enactment.

(1) in the definition of the expression “charitable

purpose”:-

(a) by the substitution in paragraph (b) for the

words “education or knowledge;”, of the

words “education or knowledge other than

by any institution established for business

purposes or by any institution established

under the Companies Act:”;

(b) by the addition immediately after paragraph

(b), of the following paragraph :-

“(bb) activities for the protection of

the environment or eco-friendly

activities”;

(2) by the insertion, immediately after the definition

of the expression “taxable income”, of the following

new definition :-

“Tax Appeals Commission” means the

Tax appeals Commission established by

the Tax Appeals Commission Act, No. 23

of 2011;”.

Amendment of

50. The First Schedule to the principal enactment as

the First

Schedule to the last amended by Act, No. 19 of 2009, is hereby further

principal amended as follows :-

enactment.

(1) by the substitution in Part IA of that Schedule, for

the words “any individual other than an individual

referred to in Part II or Part III”, of the words and

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figures, “but ending on or before March 31, 2011,

any individual other than an individual referred to

in Part II or Part III”,;and

(2) by the insertion immediately after Part IA of that

Schedule, of the following new Part :-

“PART I B

For any year of assessment commencing on or after

April 1, 2011, any individual other than an individual

referred to in Part II or Part III -

On the first Rs. 500,000/- 4 per centum

of the taxable income

On the next Rs. 500,000/- 8 per centum

of the taxable income

On the next Rs. 500,000/- 12 per centum

of the taxable income

On the next Rs. 500,000/- 16 per centum

of the taxable income

On the next Rs. 1,000,000 20 per centum

of the taxable income

On the Balance of the taxable income 24 per centum”

51. The Second Schedule to the principal enactment as Amendment of

last amended by the Act. No. 19 of 2009, is hereby further the Second

Schedule to the

amended as follows :- principal

enactment.

(1) in PART - A of that Schedule by the substitution

for item 1 of that Part, of the following item :-

“1. Any venture capital company -

(a) For any year of assessment

commencing on or after

April 1, 2006, but prior to

April 1, 2011– on the

taxable income 20 per centum;

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(b) For any year of assessment

commencing on or after

April 1, 2011 - on the

taxable income 12 per centum.”

(2) by the substitution for PART - B of that Schedule

of the following new PART :-

“PART - B

1.(a) For the year of assessment commencing on

April 1, 2006 —

Any company other than a

company referred to in PART -

A and of which the taxable

income does not exceed Rs.

5,000,000 15 per centum;

(b) For any year of assessment commencing on or

after April 1,2007, but prior to April 1, 2011 -

Any company —

(A)(i)of which the taxable

income does not exceed

Rs. 5,000,000/-;

(ii)which is not a company

referred to in PART-A;

and

(B) Which is not the

holding company, a

subsidiary company, or

an associate company of

a group of companies on

the taxable income 15 per centum;

(c) For any year of assessment commencing on or

after April 1, 2011 -

Any company —

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(A)(i)of which the taxable

income does not exceed

Rs. 5,000,000/-;

(ii) which is not a company

referred to in PART-A;

and

(B) Which is not the holding

company, a subsidiary

company, or an associate

company of a group of

companies

on the taxable income 12 per centum;

For the purpose of item (B) of paragraph (b)

and paragraph (c), the expressions “holding

company”, “subsidiary company”, and,

“group of companies” shall have the same

respective meanings which they have in

the Companies Act, No. 7 of 2007.

2. Any company for the year of assessment being

any year of assessment commencing prior to

April 1, 2011 in which its shares are first quoted

in any official list published by a stock exchange

licensed by the Securities and Exchange

Commission of Sri Lanka (hereinafter referred

to as the “first year of assessment”) and for each

year of assessment within the period of four years

immediately succeeding that first year of

assessment,

(a) for which the taxable

income exceeds Rs.

5,000,000/-; or

(b) if such company is a

holding company, a

subsidiary company or an

associated company of a

group of companies

on the taxable income for

that year of assessment 33 1/3 per centum;

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Provided that where such first year of

assessment is any year of assessment which

commences prior to April 1, 2006, the rate

of 33 1/3 per centum shall apply in relation

to any year of assessment which falls within

such period of four years, but which

commences on or after April 1, 2006.

3. Any company other than any company

hereinbefore referred to in this Schedule, on the

taxable income-

(a) for any year of

assessment

commencing prior to

April 1, 2011 35 per centum;

(b) for any year of

assessment

commencing after

April 1, 2011 28 per centum;

4. Where the taxable income of any company for

any year of assessment exceeds five million

rupees, then such part of the tax computed in

accordance with this Act, as being payable by

such company for such year of assessment as is

attributable to such excess, shall not be more

than such excess.”.

Amendment of 52. The Third Schedule to the principal enactment as

the Third last amended by the Act No. 9 of 2008, is hereby further

Schedule to the

amended as follows:-

principal

enactment.

(1) by the substitution in item 7 of that schedule, for

the words and figures “on or before March 31, 2008

or commencing on or after April 1, 2013 5 per

centum”, of the words and figures

“on or before March 31, 2008 5 per centum”;

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(2) by the substitution for item 8 of that Schedule, of

the following item:-

“8. Any club or association referred to in section

101, on the taxable income for -

(a) any year of assessment

commencing prior to

April 1, 2011 20 per centum

(b) any year of assessment

commencing prior to

April 1, 2011 10 per centum”;

53. The Fifth Schedule of the principal enactment Amendment of

as amended by the Act No. 9 of 2008, is hereby further the Fifth

amended as follows:- Schedule to the

principal

(1) by the substitution for item 5 of that Schedule, of enactment.

the following item:-

“5. The rate of income tax on profits and income

from off-shore foreign currency transaction

of any foreign currency banking unit, for —

(a) any year of assessment

commencing prior to

April 1,2011 20 per centum;

(b) any year of assessment Appropriate rate

commencing on or under Second

after April 1, 2011 Schedule”;

(Section 41)

(2) by the substitution in item 6 of that Schedule for

the words “profits and income arising to”, of the

words and figures “profits and income arising before

April 1, 2011, to”;

(3) by the substitution in item 8 of that Schedule, for

the words “profits or gains on the disposal”, of the

words and figures “profits or gains on the disposal

on or before March 31, 2007”;

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(4) by the substitution for item 9 of that Schedule, of

the following item:-

“9. The rate of income tax on profits from and

undertaking carried on by a person other than a

company,

(a) engaged in agriculture, As per the

promotion of tourism or First

construction work as Schedule,

subject to a

defined in section 45 or

maximum

section 217, being

of 15

profits for any year of

per centum

assessment commencing

prior to April 1, 2011;

(b) engaged in agriculture, As per the

manufacture of animal First

Schedule,

feed, promotion of

subject to a

tourism, or construction

maximum

work as defined in of 12

section 45 or section percentum.”;

217, being profits for

any year of assessment

commencing on or after

April 1, 2011.

(Section 45)

(5) by the substitution for item 10 of that Schedule, of

the following item:-

“10. The rate of income tax on profits from and

undertaking carried on by a company,

(a) engaged in agriculture,

promotion of tourism or

construction work as

defined in section 46 or

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section 217, being

profits for any year of

assessment commencing

prior to April 1, 2011; 15 per centum;

(b) engaged in agriculture,

manufacture of animal

feed, promotion of

tourism, or construction

work as defined in

section 46 or section

217, being profits for

any year of assessment

commencing on or after

April 1, 2011. 12 per centum”;

(Section 46)

(6) by the substitution for item 11 of that Schedule, of

the following item:-

“11. The rate of income tax applicable to

specialized housing banks, for-

(a) any year of assessment

commencing prior to 20 per centum;

April 1, 2011

(b) any year of assessment Appropriate rate

commencing on or after under Second

Schedule.”;

April 1, 2011

(Section 47)

(7) by the substitution for item 14 of that Schedule, of

the following new item:-

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“14A. The profits and As per the First

income of any Schedule, but

agricultural subject to a

undertaking referrd maximum of 10

to in section 16 of per centum for

the Act, for any year an individual, and

of assessment 10 per centum

commencing prior for a company.”;

to April 1, 2011;

(Section 48A)

(8) by the substitution for item 16 of that Schedule, of

the following item:-

“16. The rate of income tax on qualified export

profits and income of a person not being a

company, who commenced to carry on any

specified undetaking prior to April 1, 2014, for-

(a) any year of As per the First

assessment Schedule, but

commencing prior subject to a

to April 1, 2011 maximum of

15 per centum

(b) any year of As per the First

assessment Schedule, but

commencing on or subject to a

after April 1, 2011 maximum of

12 per centum.”;

(Section 50)

(9) by the substitution for item 17 of that Schedule, of

the following item:-

“17. The rate of income tax on qualified export

profits and income of a company, which

commenced to carry on any specified undetaking

prior to April 1, 2014, for-

(a) any year of

assessment

commencing prior to

April 1, 2011; 15 per centum

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(b) any year of

assessment

commencing on or

after April 1, 2011 12 per centum.”;

(Section 51)

(10) by the substitution for item 18 of that Schedule, of

the following item:-

“18. The rate of income tax on qualified export

profits and income of a company, which

commenced to carry on any specified undetaking

prior to April 1, 2015, for-

(a) any year of assessment

commencing prior to

April 1, 2011 15 per centum

(b) any year of assessment

commencing on or 12 per centum.”;

after April 1, 2011

(Section 52)

(11) by the substitution for item 20 of that Schedule, of

the following item:-

“20. The rate of income tax on profits and income

from deemed exports of any person or partnership,

for-

(a) any year of As per the First

assessment Schedule, but

commencing prior subject to a

to April 1, 2011 maximum of 15

per centum for an

individual, and 15

per centum for a

company.

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(b) any year of As per the First

assessment Schedule, but

commencing on or subject to a

after April 1, 2011 maximum of 12 per

centum

for an individual,

and 12 per centum

for a company.”;

(Section 56)

(12) by the substitution for item 24 of that Schedule, of

the following item:-

“24. The rate of income tax applicable to any

partnership on divisible profits and other income,

other than on any assessment made, for-

(a) any year of

assessment

commencing prior

to April 1, 2011 10 per centum

(b) any year of

assessment

commencing on or

after April 1, 2011 8 per centum.”;

(Section 78)

(13) by the substitution for item 25 of that Schedule, of

the following item:-

“25. The rate of income tax applicable to any

person who is not a citizen of Sri Lanka carrying

on the profession or vocation of an entertainer or

artiste, for-

(a) any year of

assessment

commencing prior

to April 1, 2011 15 per centum

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(b) any year of

assessment

commencing on or

after April 1, 2011

12 per centum.”;

(Section 96)

(14) by the substitution for item 26 of that Schedule, of

the following item:-

“26. The rate of income tax applicable to any

profits and income from petroleum exploration of

any person, or in the case of a partner of a

partnership, as referred to in section 105, for-

(a) any year of

assessment

commencing prior to

April 1, 2011

15 per centum

(b) any year of

assessment

commencing on or

after April 1, 2011

12 per centum.”;

(Section 105)

15. by the substitution for item 27 of that Schedule, of

the following item :-

“27. The rate of income tax applicable to the profits

on the receipt of any fund set up or funds received

by a Non Governmental Organization, for-

(a) any year of

assessment

commencing prior to

April 1, 2011

30 per centum

(b) any year of

assessment

commencing on or

after April 1, 2011

28 per centum.”;

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(Section 102)

16. by the addition, immediately after item 28 of that

Schedule, of the following new items:-

“29. The rate of income tax

applicable to such part of the

taxable income of any person

or partnership, as

consists of profits or income

from the manufacture and sale

or import and sale of any

liquor or tobacco product, for

any year of assessment

commencing on or after April

1, 2011 40 per centum

30. Rate of income tax applicable As per the First

to such part of the profits of Schedule, but

any person engaged in an subject to a

undertaking referred to in maximum of 10

section 59A; per centum for an

individual, and 10

per centum for a

company.

31. The rate of income tax As per the First

applicable to any undertaking Schedule, but

carried on in Sri Lanka for subject to a

operation and maintenance of maximum of 10 per

facilities for storage, centum for an

development of software, or individual, and 10

supply of labour per centum for a

company.

32. The rate of income tax As per the First

applicable to profits and Schedule, but

income from educational subject to a

services. maximum of 10

per centum for an

individual, and 10

per centum for a

company.

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33. Rate of income tax applicable

to any undertaking with an

annual turnover not

exceeding rupees three

hundred million other than

buying and selling activities. 10 per centum.”.

54. The following new section is hereby inserted Insertion of new

immediately after section 208 of the principal enactment section 208A in

the principal

and shall have effect as section 208A of that enactment:-

enactment.

“Committee 208A. The Commissioner-General shall

to interpret appoint a Committee comprising senior officers

provisions of

of the Department of Inland Revenue who

Act and issue

rulings. shall be mandated to interpret the provisions

of all Acts administered by him,

notwithstanding anything to the contrary in

any such Act. Such Committee shall in terms

of such mandate issue all necessary guidelines

and instructions as are required in order to

ensure uniformity with regard to such

interpretation.”.

55. Any person or partnership carrying on an enterprise, Exemption of

having an annual turnover of a sum not exceeding rupees income tax

payable by

one hundred million who is liable to pay income tax under

certain small and

the Inland Revenue Act, No. 10 of 2006, who has defaulted medium

in the payment of such tax as is payable by him under such enterprises.

Act in respect of any year of assessment ending on or before

March 31, 2010, due to the existence generally of any

conflict environment or due to any financial constraints of

such persons or partnership, shall be exempted from the

payment of such tax as is in default under such Act:

Provided that, the Commissioner-General of Inland

Revenue shall on a request made in that behalf, issue to such

person or partnership a Certificate of Exemption in respect

of the tax in default:

Provided further, the person or parternship to whom the

Certificate of Exemption is issued, shall simultaneously

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forward to the Commissioner-General of Inland Revenue a

written assurance to the effect that such person or partnership

will be responsible for the payment of all sums which may

become payable by him under scuh Act, in respect of any

year of assessment commencing on or after April 1, 2010.

Retrospective 56. The amendments made to the principal enactment

effect. by the provisions of this Act, shall be deemed for all purposes

to have come into force on April 1, 2011:

Provided that:-

(a) the amendments made to section 7 of the

principal enactment by subsection (2) of

section 3 of this Act, shall be deemed for all

purposes to have come into force on April 1,

2008;

(b) the amendments made to sections 20, 21 and

21A of the principal enactment by section 10,

section 11 and section 12 respectively of this

Act, shall be deemed for all purposes to have

come into force on April 1, 2009.

Sinhala text to 57. In the event of any inconsistency between the

prevail in case Sinhala and Tamil texts of this Act, the Sinhala text shall

of an

prevail.

inconsistency

Nation Building Tax (Amendment) 15

Act, No. 10 of 2011

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